

# The Furnishings Digest

Third Quarter 2025  
Volume 32, Issue #3

The latest news, views, and announcements

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**WHAT'S ON EVERYONE'S MIND**

**Tariffs:** You can't walk down the street or go to a local sandwich shop without overhearing someone talk about the tariffs that have been imposed by President Trump. Its effects differ amongst every individual but it does affect us in all one way shape or form. Whether it be a family looking to buy their next car, cost of groceries, or even buying that toy that your son wanted. It has been difficult trying to keep up with it all because it has been changing so frequently. However, that has not stopped the American consumer.

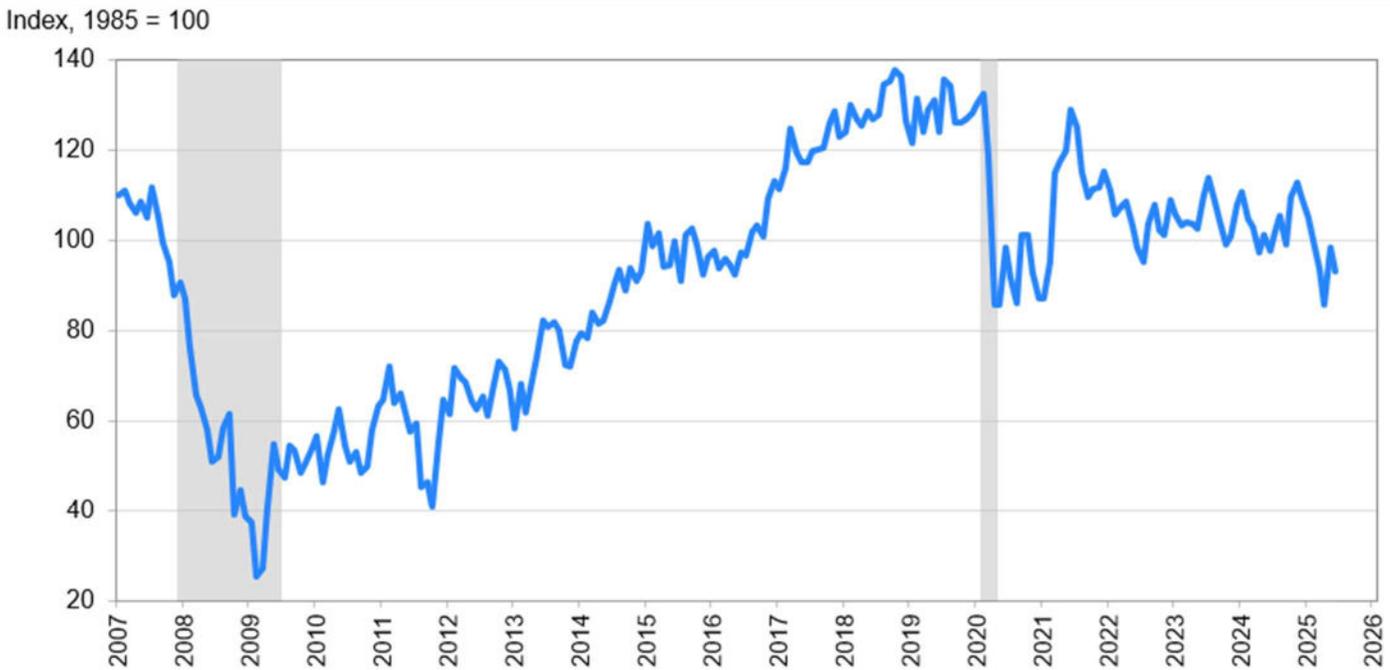
**CONSUMER CONFIDENCE**

The Consumer Confidence Index (CCI) which gauges how optimistic (or pessimistic) consumers are feeling about their current and future financial conditions fell by 5.4 points to 93.0 in June. That pretty much wiped out all the gains made in May after falling to levels not seen since the COVID pandemic in April.

Generally, a change of 5 or more points in the index may indicate that a change is coming in the direction of the economy.

**Consumer Confidence Index**

**Figure 1**



\*Shaded areas represent periods of recession.  
Sources: The Conference Board; NBER  
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Stephanie Guichard, Senior Economist, Global Indicators at The Conference Board said that, "Tariffs remained on top of consumers' minds and were frequently associated with concerns about their negative impacts on the economy and prices. Inflation and high prices were another important concern cited by consumers in June. However, there were a few more mentions of easing inflation compared to last month."

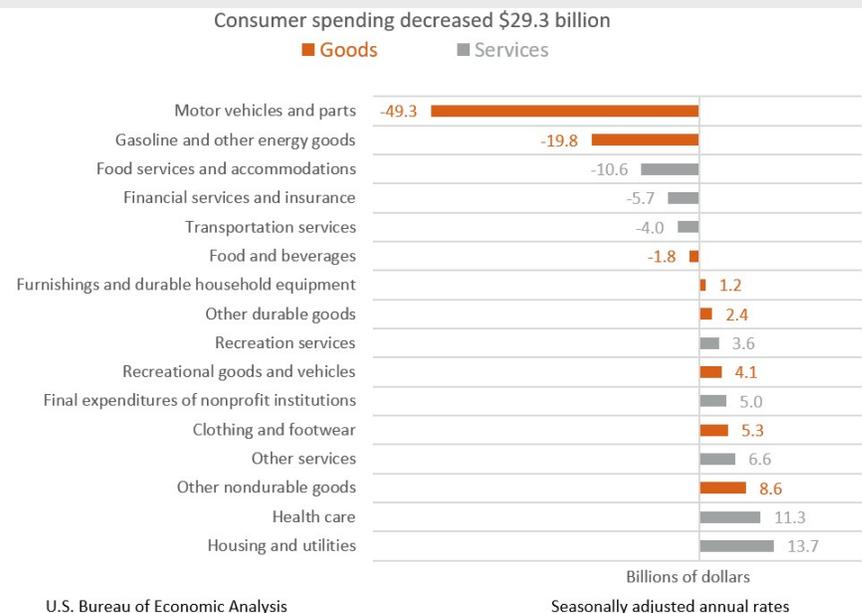
**CONSUMER SPENDING**

The Bureau of Economic Analysis just announced on June 27<sup>th</sup> that consumer spending decreased by \$29.3 billion in the month of May or 0.1% at a monthly rate after a 0.2% gain in April.

With that said, we previously stated that consumers were still spending amidst all the economic uncertainties. Even with the slight decrease, Americans still spent more in the month of May than they did in January, February, or March.

**Changes in Monthly Consumer Spending, May 2025**

**Figure 2**



U.S. Bureau of Economic Analysis

April was an anomalous month, boosted by pre-emptive buying of goods like vehicles to say ahead of the tariffs which has clouded the economic picture. In May, those gains dissipated as consumers were less inclined to spend more on vehicles, gasoline, and other services; however, there were spending increases in housing, healthcare, recreation and even furnishings.

The "Furnishings and durable household equipment" segment bundles together clocks, lamps, lighting fixtures, carpets and even window coverings. If we isolate just the "Furniture" segment, we see that Americans spent \$14.2 billion in the month of May, up \$162 million since April. That is the fourth straight month-over-month spending growth since falling 3.4% in January. (*Seasonally Adjusted at Monthly Rates, data from the Bureau of Economic Analysis*)

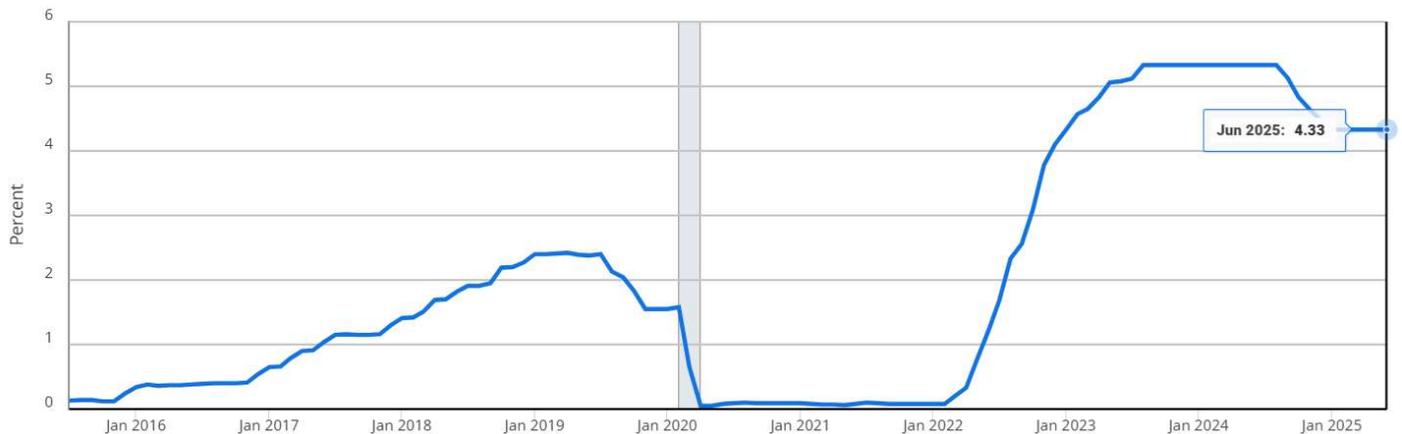
### FED FUNDS RATE

The Federal Reserve held interest rates steady in their June meeting. A statement from members of the Fed's rate-setting committee suggested that the Fed would likely cut borrowing costs by half of a percentage point later this year, which was similar to what they were forecasting in March before Trump announced his worldwide tariffs.

The Fed has been in a holding pattern since December, after cutting rates by a full percentage point last year.

**Federal Funds Rate (not seasonally adjusted)**

**Figure 3**



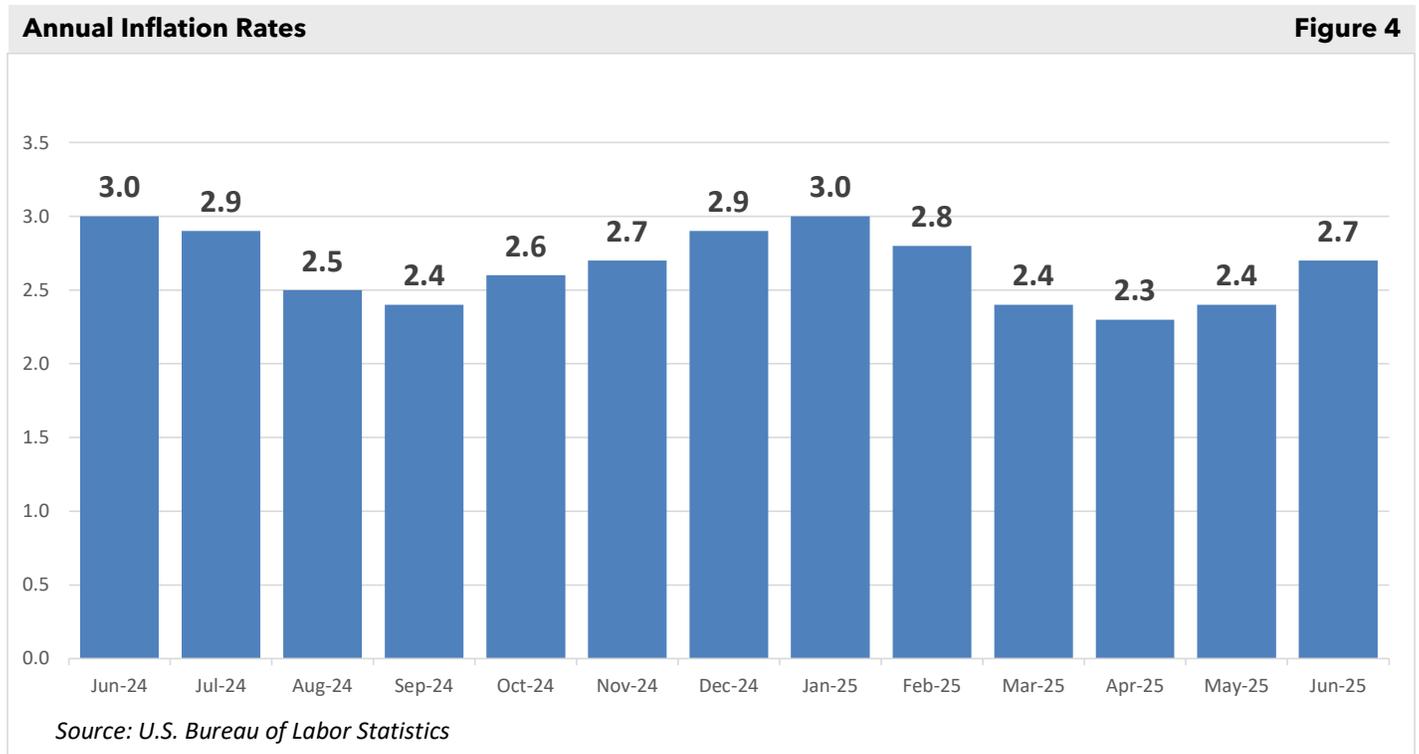
Source: Board of Governors of the Federal Reserve System (US) via FRED®  
Shaded areas indicate U.S. recessions.

And while the outlook continues to remain uncertain, Federal Reserve Chair Jerome Powell described the labor market as solid and said he continues to anticipate inflation will rise in June, July and August due to the president's tariff plans. This explains the Fed maintaining its wait-and-see stance on rates as noted at his June press conference.

## INFLATION NEWS

Consumer prices shot up to 2.7% in June from a year ago, as President Trump's tariffs are beginning to have an impact on the prices that American shoppers are paying. Inflation showed little change in May ending the month at 2.4%, only slightly higher than 2.3% rate in April (U.S. Dept. of Labor).

Economists say that this is only the initial impact and that they expect price pressures to intensify over the coming months, especially if new tariffs the President has threatened against the European Union and a host of other countries in recent days are imposed on Aug. 1<sup>st</sup> as planned.



This uptick in inflation may give Federal Reserve Chair Jerome Powell a break from the barrage of negative comments that he has been receiving from the White House for not reducing interest rates. The President has been quoted for saying that there is “no inflation” and that the central bank should reduce the rate to around 3%.

The signs of accelerating prices will make it more difficult for the central bank to cut rates when they meet later this month. For it to do so, there needs to be evidence that inflation is under control without risk of flare ups. Higher costs would typically lead the Fed to hike interest rates while a weaker economy causes it to reduce them.

## MANUFACTURING, SUPPLY & INVENTORIES

A report released by the Institute for Supply Management (ISM) said that “economic activity in the manufacturing sector contracted in June for the fourth consecutive month, following a two-month expansion preceded by 26 straight months of contraction”. The Purchasing Manager’s Index (PMI), which measures the change in production levels registered 49% in June. Anything over 50% indicates an expansion and below indicates contraction.

Susan Spence, MBA, Chair of the ISM said, "In June, U.S. manufacturing activity slowed its rate of contraction, with improvements in inventories and production the biggest factors in the 0.5 percentage point gain in the Manufacturing PMI.

Out of 15 manufacturing industries, nine reported growths in June – listed in order – are: Apparel, Leather & Allied Products; Petroleum & Coal Products; Nonmetallic Mineral Products; Miscellaneous Manufacturing; **Furniture & Related Products**; Computer & Electronic Products; Machinery; Food, Beverage & Tobacco Products; and Electrical Equipment, Appliances & Components.

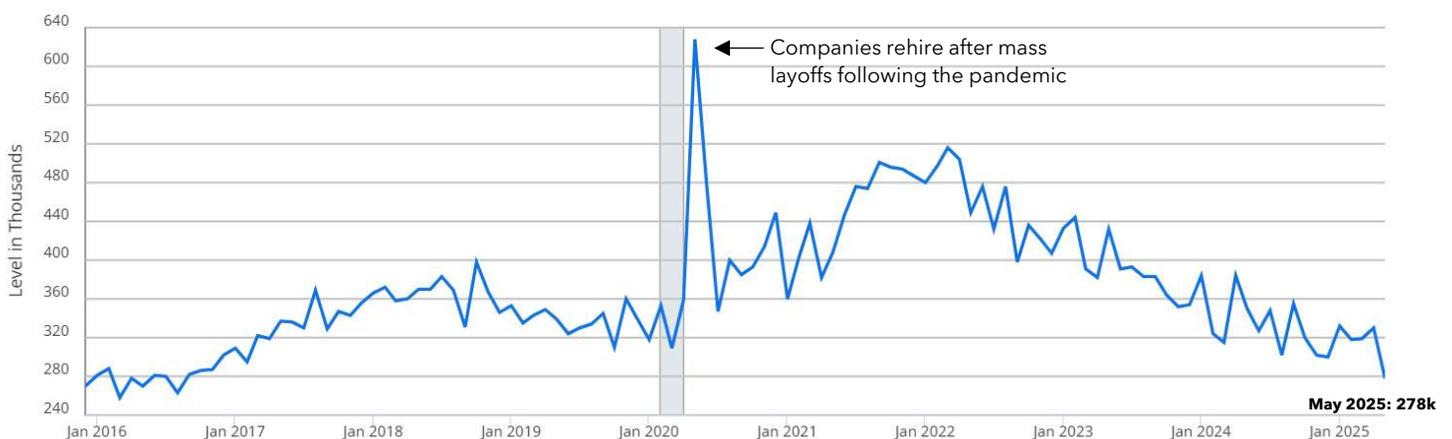
In the report, of the manufacturing industries reporting, Furniture & Related Products category reported:

growth in New Orders (4th); growth in Production (4th); decrease in employment (4th); paying increased prices for raw materials (14th), growth in New Export Orders (2nd) and increase in Import volumes (5th).

Manufacturing Summary						Figure 5
INDEX	Jun Index	May Index	% Point Change	Direction	Rate of Change	Trend* (months)
Manufacturing PMI <sup>®</sup>	49.0	48.5	+0.5	Contracting	Slower	4
New Orders	46.4	47.6	-1.2	Contracting	Faster	5
Production	50.3	45.4	+4.9	Growing	From Contracting	1
Employment	45.0	46.8	-1.8	Contracting	Faster	5
Supplier Deliveries	54.2	56.1	-1.9	Slowing	Slower	7
Inventories	49.2	46.7	+2.5	Contracting	Slower	2
Customers' Inventories	46.7	44.5	+2.2	Too Low	Slower	9
Prices	69.7	69.4	+0.3	Increasing	Faster	9
Backlog of Orders	44.3	47.1	-2.8	Contracting	Faster	33
New Export Orders	46.3	40.1	+6.2	Contracting	Slower	4
Imports	47.4	39.9	+7.5	Contracting	Slower	3
<b>Overall Economy</b>				<b>Growing</b>	<b>Faster</b>	<b>62</b>
<b>Manufacturing Sector</b>				<b>Contracting</b>	<b>Slower</b>	<b>4</b>

\*Number of months moving in current direction. Manufacturing ISM<sup>®</sup> Report On Business<sup>®</sup> data has been seasonally adjusted for the New Orders, Production, Employment and Inventories indexes.

**# of Employees Hired in Manufacturing Roles** Figure 6



Source: U.S. Bureau of Labor Statistics via FRED<sup>®</sup>  
Shaded areas indicate U.S. recessions.

While the reforms in trade were meant to stabilize the manufacturing industry, we are not seeing any of that yet. Many executives in the sector are saying that changes are only causing uncertainty and confusion.

That uncertainty in the manufacturing sector has led to a loss of 14,000 jobs in May and June combined. Hiring has been dropped to a nine-year low as manufacturers are waiting out what is happening with tariffs.

## VIETNAM DEAL

President Trump announced that the United States has struck a trade deal with Vietnam that set a 20% tariff for Vietnamese goods to the U.S. (lower than the 46% imposed on April 2<sup>nd</sup> but higher than the 3% prior to him taking office)

In addition to the 20% tariffs, Vietnam agreed to a 40% tax on “transshipping”, where goods from another country that stop in Vietnam on their way to the United States to circumvent trade barriers. Washington has complained that Chinese goods have been dodging higher U.S. tariffs by using Vietnam as a transshipment hub.

Trump’s announcement on Truth Social said that the deal will give the U.S. tariff-free access to Vietnam’s markets.

## TARIFFS UPDATE

President Trump has been sending letters to global leaders that threaten new, high tariff rates while also sharing them via the President’s Truth social media account.

It began with letters to the leaders of Japan and South Korea, informing them that he plans to impose new tariffs on their exports to the U.S. beginning Aug. 1 if deals were not reached by then, followed by twelve more tariff threat letters. He then also extended his 90-day tariff pause, expired July 9th, to August 1st as well.

Trump also warned in a social media post that countries “aligning themselves with the Anti-American policies of BRICS, will be charged an ADDITIONAL 10% Tariff. There will be no exceptions to this policy.” (BRICS is an intergovernmental group of major emerging economies that includes Russia, China, and Iran)

**Figure 7**

Countries	Previously announced (April)	Newly announced (July)
Japan	24 %	25 %
South Korea	25 %	25 %
Malaysia	24 %	25 %
Kazakhstan	27 %	25 %
Tunisia	28 %	25 %
South Africa	30 %	30 %
Bosnia and Herzegovina	35 %	30 %
Indonesia	32 %	32 %
Bangladesh	37 %	35 %
Serbia	37 %	35 %
Thailand	36 %	36 %
Cambodia	49 %	36 %
Laos	44 %	40 %
Myanmar	48 %	40 %

Source: White House / Graphic: TT

According to Trump, the potential benefits of these tariffs include reducing other countries' trade barriers, including tariffs and other regulations, giving U.S. exporters more foreign consumers. The president has also said the ultimate goal of the tariffs is to boost U.S. manufacturing and if countries want to avoid the new tariffs just have their companies manufacture their goods in the U.S.

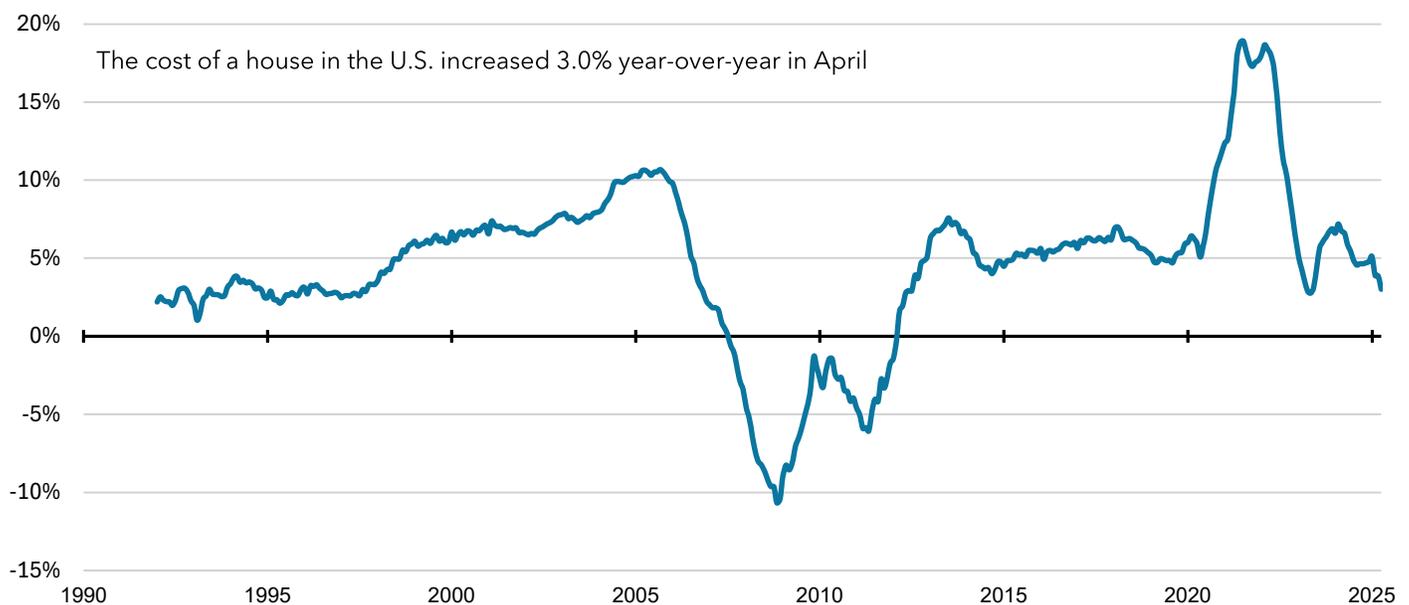
The White House has also clarified that the new tariffs will not be imposed in addition to the various tariffs Trump has imposed on broad classes of goods. For example, steel and aluminum – currently tariffed worldwide at 50% – from any of these countries will still be tariffed at 50%.

## TALKING HOUSING!

According to the House Price Index (HPI) Monthly Report from the Federal Housing Finance Agency, U.S. house prices fell 0.4% in April (March vs. April), the first decline since August 2022, after being unchanged in March. That lowered the overall “year-over-year” increase to 3.0% in April, the smallest rise since May 2023, from 3.9% in March. Economists do not expect a decline in house prices at a national level entirely, though some individual markets could see sharp decreases.

**Annual Change in U.S. House Prices**

**Figure 8**



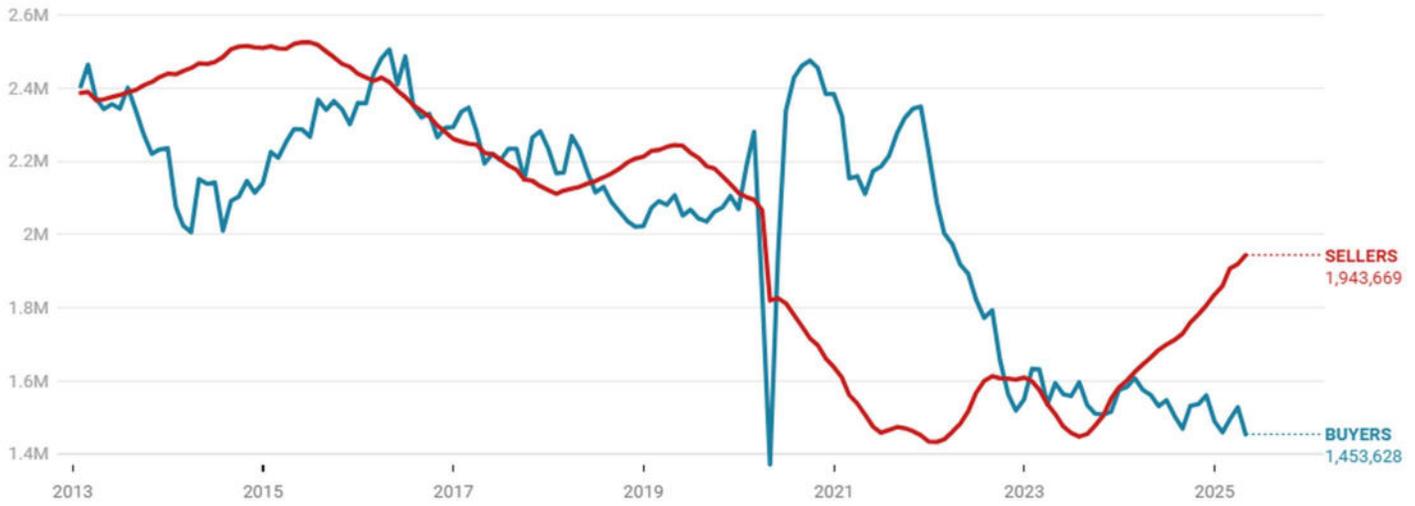
Source: U.S. Federal Housing Finance Agency

Note: Year-Over-Year Percent Change of Seasonally Adjusted Data

We said in our prior issue that we believed that 2025 will be a critical year in the long-term recovery in housing at all levels. What are we gleaming? During the pandemic housing boom there was so much demand all at once which was driven by the ultra-low interest rates. As a result, there was just not enough inventory available to meet the demand, which in turn overheated prices.

**Estimated Number of U.S. Homebuyers and Sellers Actively in the Market**

**Figure 9**



Source: MLS data, Redfin data • [Get the data](#) • [Embed](#) • [Download image](#) • Created with [Datawrapper](#)

Now, as rates have increased, the market has begun to correct itself. Inventories are rising and a latest report from Redfin shows that there are nearly 500K (or 33.7%) more sellers than buyers right now signifying a shift in the balance from a seller to a buyers' market.

Currently there has been a lull in home sales which has contributed to the shift. People held off buying a home because prices/rates were too high or because of economic uncertainties, etc. Whatever the reason, sellers are starting to see their homes listed for longer and are having to adjust their pricing expectations.

With mortgage rates expected to be about 6.3% (Fannie Mae estimate) by year end, we are still expecting a 9% gain in home sales this year and another 12% in 2026.

**May 2025 Housing Statistics**

**Figure 10**

	M/M	Y/Y
Housing Starts	(9.8%)	(4.6%)
Single Family	0.4%	(7.3%)
Multi-Family	(30.4%)	5.0%
Housing Permits	(2.0%)	(1.0%)
Single Family	(2.7%)	(6.4%)
Multi-Family	1.4%	13.0%
Housing Under Construction	(1.4%)	(13.7%)
Housing Completions	5.4%	(2.2%)
New Single Family Home Sales	(13.7%)	(6.3%)
Existing Home Sales	1.1%	0.3%
Existing Home Inventory	6.3%	19.6%

Source:

U.S. Census Bureau & National Association of Realtors

## LATEST IMPORT STATISTICS

We offer the following quarterly tables (1 - 6, all sourced from the United States International Trade Commission) to show and quantify the latest important source nations for the U.S.

Since a year ago, Vietnam has secured the position of top import of household furniture to the United States over China.

Cambodia and Thailand have been growing steadily in almost all categories, but will the 36% tariff starting August 1<sup>st</sup> have a meaningful impact?

Taiwan has yet to receive a Trump tariff letter and are cautiously optimistic as the US has reportedly indicated that negotiations are progressing positively.

We're also going to have to wait to see how much impact all the pre-emptive buying importers did after President Trump's tariff reprieve on April 2<sup>nd</sup> will have on the second quarter.

### All Household Furniture Imports by Significant Countries

Table 1.

USD \$ (millions)

Country	4Q23	1Q24	4Q24	1Q25	4Q%Δ	1Q%Δ
Vietnam	\$2,333.3	\$2,414.5	\$2,890.8	\$2,826.5	23.9%	17.1%
China	2,378.1	2,653.5	2,180.1	2,452.3	-8.3%	-7.6%
Mexico	766.8	669.8	643.6	621.4	-16.1%	-7.2%
Canada	543.4	496.4	500.3	476.1	-7.9%	-4.1%
Indonesia	318.2	330.3	389.0	386.0	22.3%	16.9%
Malaysia	292.2	286.9	317.7	318.9	8.7%	11.1%
Italy	325.0	328.6	313.0	306.2	-3.7%	-6.8%
Cambodia	119.0	111.2	170.6	174.4	43.4%	56.9%
Thailand	115.1	122.2	187.1	164.5	62.5%	34.7%
India	164.8	152.0	176.4	158.9	7.0%	4.5%
Taiwan	173.7	133.3	165.2	120.4	-4.9%	-9.7%

### Wood Furniture Imports by Significant Countries

Table 2.

USD \$ (millions)

Country	4Q23	1Q24	4Q24	1Q25	4Q%Δ	1Q%Δ
Vietnam	\$1,351.5	\$1,386.1	\$1,627.4	\$1,532.4	20.4%	10.5%
China	435.2	443.9	404.2	407.1	-7.1%	-8.3%
Malaysia	236.0	240.5	265.8	264.8	12.6%	10.1%
Canada	249.4	237.6	233.5	222.0	-6.4%	-6.6%
Indonesia	166.4	198.6	198.9	201.4	19.5%	1.4%
Mexico	189.3	193.0	188.4	184.2	-0.5%	-4.5%
Italy	184.8	187.0	178.4	171.8	-3.5%	-8.1%
India	110.9	104.1	127.0	108.8	14.5%	4.5%
Thailand	59.5	62.1	83.5	72.9	40.5%	17.3%
Poland	56.3	60.4	56.2	50.1	-0.2%	-17.1%

**Upholstered Furniture Imports by Significant Countries**

Table 3.

USD \$ (millions)

Country	4Q23	1Q24	4Q24	1Q25	4Q%Δ	1Q%Δ
Vietnam	\$722.4	\$736.8	\$885.1	\$866.7	22.5%	17.6%
China	793.9	756.3	698.4	670.9	-12.0%	-11.3%
Mexico	217.8	212.9	200.9	180.3	-7.8%	-15.3%
Italy	87.6	88.4	80.1	80.8	-8.6%	-8.5%
Canada	71.5	70.2	63.3	65.5	-11.4%	-6.6%
Cambodia	48.9	49.0	57.9	65.0	18.5%	32.6%
Malaysia	42.5	35.8	37.2	42.7	-12.5%	19.3%
Indonesia	26.8	24.4	26.1	24.4	-2.9%	0.1%
Thailand	18.5	16.7	19.2	18.5	4.2%	11.0%

**Metal & Other Furniture Imports by Significant Countries**

Table 4.

USD \$ (millions)

Country	4Q23	1Q24	4Q24	1Q25	4Q%Δ	1Q%Δ
China	\$1,144.7	\$1,146.2	\$1,451.9	\$1,372.8	26.8%	19.8%
Vietnam	246.3	245.4	277.5	415.8	12.7%	69.5%
Mexico	263.6	263.7	200.5	238.5	-23.9%	-9.6%
Canada	216.6	216.6	182.5	176.8	-15.8%	-18.4%
Taiwan	124.8	124.7	96.8	98.4	-22.4%	-21.1%
Thailand	37.2	37.2	43.4	72.5	16.6%	94.8%
Cambodia	25.3	25.4	27.8	64.2	9.7%	153.2%
Indonesia	31.8	50.7	41.9	56.5	31.8%	11.4%
Italy	50.7	34.8	52.3	53.4	3.2%	53.6%
India	42.6	42.6	38.2	41.8	-10.4%	-1.9%
United Kingdom	34.6	31.8	37.1	41.2	7.2%	29.7%

**Mattress Imports by Significant Countries**

Table 5.

USD \$ (millions)

Country	4Q23	1Q24	4Q24	1Q25	4Q%Δ	1Q%Δ
Indonesia	\$93.3	\$65.5	\$125.4	\$103.8	34.4%	58.4%
Laos	N/M	1.8	29.8	20.4	N/M	1057.4%
Mexico	96.1	63.4	27.2	18.3	-71.7%	-71.1%
Canada	5.8	6.2	8.9	11.8	52.4%	92.5%
Vietnam	13.1	14.0	16.3	11.7	24.6%	-16.1%
South Korea	12.3	7.5	19.7	10.9	60.7%	45.0%
Poland	2.7	3.0	3.9	6.8	45.7%	124.0%
Singapore	8.0	9.6	8.1	4.1	0.9%	-57.2%
Cambodia	2.3	1.3	3.0	2.8	32.9%	114.0%
Turkey	1.0	1.8	2.4	2.6	141.8%	39.1%
India	2.9	2.6	1.6	2.6	-43.9%	-0.4%
Spain	8.2	3.5	0.8	2.3	-89.9%	-33.3%

**Furniture Imports by Category**

Table 6.

USD \$ (millions)

Furniture Category	2022	2023	2024	23-22%Δ	24-23%Δ
Total Furniture	\$41,362.3	\$32,416.9	\$33,881.6	-21.6%	4.5%
Wood Furniture	17,959.3	13,544.1	14,374.3	-24.6%	6.1%
Upholstered Furniture	9,448.6	7,684.8	8,454.2	-18.7%	10.0%
Metal & Other	12,507.7	9,828.7	10,156.7	-21.4%	3.3%
Mattresses	1,446.7	1,359.3	896.5	-6.0%	-34.0%

\* All import data is from the United States International Trade Commission

**Monthly Numbers**

Table 7.

% Change y/y	2025											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Total consumption of furniture & bedding (a)	1.7%	5.9%	7.2%	7.8%	8.8%							
Furniture stores sales (b)	(4.5%)	(0.4%)	(4.5%)	3.2%	5.5%							
Furniture factory shipments (c)	3.5%	(5.5%)	1.0%	(1.5%)	N/A							
% Change y/y	2024											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Total consumption of furniture & bedding (a)	(3.8%)	(2.6%)	(1.4%)	(0.4%)	(0.0%)	(0.6%)	(0.3%)	(0.2%)	1.8%	4.4%	2.9%	6.5%
Furniture stores sales (b)	(12.4%)	(5.0%)	(10.7%)	(4.4%)	(3.1%)	(6.5%)	1.6%	(0.4%)	(0.5%)	4.5%	3.2%	8.4%
Furniture factory shipments (c)	(13.0%)	(7.0%)	(17.5%)	(5.0%)	(8.4%)	(8.0%)	1.6%	(9.5%)	(6.5%)	(4.2%)	1.8%	(3.0%)

Sources:

(a) U.S. Department of Commerce (b) U.S. Census Bureau (c) "Furniture Insights" a monthly publication by Smith Leonard

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